

**FINAL REPORT
OF THE
INTERIM STUDY COMMITTEE ON
MOTOR VEHICLE ISSUES**



**Indiana Legislative Services Agency
200 W. Washington St., Suite 301
Indianapolis, Indiana 46204-2789**

November 2005

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2005

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Philip J. Sachtleben
Executive Director
Legislative Services Agency

Interim Committee on Motor Vehicle Issues

Membership Roster

Senators

**Brent Steele
Bedford**

**Allie Craycraft
Selma**

**Gary Dillon
Pierceton**

**Dennis Kruse
Auburn**

**Earline Rogers
Gary**

**Connie Sipes
New Albany**

Representatives

**John Aguilera
East Chicago**

**Terri Jo Austin
Anderson**

**Charlie Brown
Gary**

**Cleo Duncan
Greensburg**

**Thomas Saunders
Lewisville**

**Eric Turner
Marion**

Legislative Services Agency Staff

**James Sperlik, Fiscal Analyst
Robert Rudolph, Attorney**

November 1, 2005

A copy of this report is available on the Internet. Reports, minutes, and notices are organized by committee. This report and other documents for this Committee can be accessed from the General Assembly Homepage at <http://www.state.in.us/legislative/>.

FINAL REPORT

Interim Committee on Motor Vehicle Issues

I. LEGISLATIVE COUNCIL DIRECTIVE

The Legislative Council directed the Committee to do the following:

Study Bureau of Motor Vehicles (BMV) issues, including but not limited to the following:

- A. License branch siting criteria required under IC 9-15-2-1 and administration of those criteria when a branch is closed under IC 9-1-2.5.
- B. The procurement and implementation criteria for the State Tracking and Record System (STAR) information technology by the BMV.
- C. Staff hiring patterns and other BMV personnel management issues.

II. INTRODUCTION AND REASONS FOR STUDY

After the conclusion of the 2005 session of the General Assembly, the Bureau of Motor Vehicles embarked upon a statewide effort of closing several license branches throughout the state. In response to that effort, the Legislative Council created the Interim Committee on Motor Vehicle Issues.

III. SUMMARY OF WORK PROGRAM

The Committee met three times during the interim following the conclusion of the 2005 session of the General Assembly. All three meetings were held in the State House in Indianapolis.

At the first meeting of the Committee, held on August 9, 2005, the Committee heard testimony concerning the eight factors used by the BMV in the decision to close a license branch. Committee members were invited to comment, and all present commented on various aspects of license branch closures, along with questions and suggestions on how the BMV might do the job better.

The Committee also heard testimony from members of the public on how the closure of specific license branches would affect them and their communities. In addition, the Committee heard testimony from members of the legislature who are not members of the Interim Committee on Motor Vehicle Issues. The Committee also heard testimony from the Hoosier Press Association regarding IC 9-16-1-2.5.

At the second meeting, held on August 30, 2005, the Committee heard testimony on the

topic of the new BMV computer system, System Tracking and Record Support System (STARS), and the old BMV computer system, the Branch Operating Support System (BOSS).

The Committee heard testimony concerning the costs associated with the new system, along with comments about the efficacy and cost of updating the BOSS. The Committee and presenters engaged in a discussion about license branches, including the cost effectiveness of certain license branches, the measurement of branch efficiency, the appropriate distribution of taxes, and the hiring of former Galyans employees. Discussion also centered around the possibility of House and Senate approval of gubernatorial appointments.

The Committee heard testimony concerning real estate leases and the use of state troopers at BMV public hearings.

The Committee also heard testimony from the former Chair of the Government Efficiency Commission's Sub-Committee on Public Safety and current Chair of the Government Efficiency Commission.

At the third meeting, held on October 12, 2005, the Chair of the Committee summarized the Committee's work and commented on the concept of the separation of powers. The Committee also engaged in a discussion on the confirmation of agency heads and received a presentation on the same issue. The Committee also considered three preliminary drafts concerning license and approved the Final Report.

IV. SUMMARY OF TESTIMONY

1. License Branch Closures

The Committee heard testimony from Mr. Joel Silverman, Commissioner of the BMV, concerning the eight factors considered in the closing of license branches. The eight factors are: (a) one branch per county; (b) customer transactions; (c) 30 minutes or less drive time; (d) capacity to absorb transactions of closed branches; (e) status of leases and cancellation of leases; (f) branch moves already in progress; (g) branch proximity to other branches; and (h) population of county and recent changes. Mr. Silverman also testified that the BMV did not look at the profitability of a license branch and that his goal was consistency for all branches.

Committee members were requested to comment on license branch closings. The Committee comments addressed the lack of notification by the BMV to the legislature of the proposed branch closings to what a community must do in order to retain its license branch. Other testimony from Committee members dealt with the amount of cost savings to be realized from the closings to a philosophical point concerning efficiency and service to the people.

The Committee also heard testimony from members of the legislature who were not members of the Interim Committee on Motor Vehicle Issues. These legislators testified that their constituents were angry at the closing of certain branches. Representative Koch proposed Preliminary Draft (PD) 3003. This PD would require the Bureau of Motor Vehicles Commission (BMVC) to operate at least one branch in the county seat of each county. Representative Border suggested that the BMV reduce its management staff, while Representative Ruppel suggested a regional branch model approach. He also testified that the citizens of North Manchester were willing to pay higher fees to keep that branch open.

The Committee also heard testimony from interested citizens who expressed concern about the closing of certain license branches and requested reconsideration on the part of the BMV about the closure of these branches.

The Committee heard testimony from Mr. Stephen Key, General Counsel of the Hoosier Press Association. Mr. Key told the Committee of IC 9-16-1-2.5 which requires the BMV, before a license branch is closed, to hold a public hearing in the county where the license branch is located and requires the Commissioner to receive unlimited testimony on the possible closing of the license branch.

2. BMV Computer Systems, Communication, and Personnel Concerns

The Committee heard testimony from Mr. Joel Silverman, Commissioner of the BMV, concerning the new computer system: System Tracking and Record Support (STARS) In addition, the Committee heard testimony on the Branch Operating Support System (BOSS), which is the BMV's old computer system. Mr. Silverman told the Committee that the new STARS system would cost approximately \$34.4 M. He also commented that in January of 2005, Seymour was the only branch on STARS. Currently, there are 92 branches on STARS. Mr. Silverman testified that the BOSS system is a mainframe system and was not sustainable and would need replacing eventually. In addition, Mr. Silverman told the Committee that there were programming issues with the old system as well.

Several Committee members questioned Mr. Silverman about branches and cost effectiveness and decisions impacting operations. The Committee heard testimony from Mr. Silverman on the early termination of the Gary license branch lease. Several Committee members and Mr. Silverman engaged in a discussion on courtesy extended to legislators, along with the theory of government. Committee members also expressed concern about communication and notification by the executive branch to the legislative branch regarding license branches.

Addressing personnel concerns, Mr. Silverman told the Committee that several former Galyans employees were hired because he needed employees to create a new customer service culture and have requisite skills. Mr. Silverman testified that currently there are 24 former Galyans employees, with 14 of them filling vacant positions and 10 replacing other people. Of the ten positions, Mr. Silverman, said that five were in the IT

area, four were in program operations, and one was his administrative assistant.

Committee members and Mr. Silverman engaged in further discussions about the Request for Proposals (RFP) process for mail centers, the drafting of real estate leases, and the use of state troopers by the BMV at public hearings.

The Committee heard testimony from Mr. Steve Baranyk, former Chair of the Government Efficiency Commission's Sub-Committee on Public Safety and current Co-Chair of the Government Efficiency Commission. Mr. Baranyk told the Committee that from his experience last year that Indiana state government must look to accountability for results and appreciate management principles.

3. Separation of Powers, Confirmation of Agency Heads, and the Final Report

The Committee heard testimony from the Chair on the Committee's work and a brief discussion on the concept of the separation of powers. The Committee also heard testimony from Senator Rogers on the confirmation of executive branch appointments. She told the Committee that only Indiana and Nevada do not have some type of confirmation process for executive branch appointments. Committee members questioned Senator Rogers on several issues regarding this concept. Representative Turner wanted to know if this concept had been entertained in a Democrat administration. Senator Rogers told the Committee that she was unaware of it. He also inquired how this would work with Republican control of the Senate and a Democrat administration. He also questioned how this concept would work with a part-time legislature if there were intervening vacancies and at the beginning of a new administration. Senator Craycraft suggested that potential nominees could be appointed during the interim period of the General Assembly.

Additional testimony on the appointment process centered on the additional cost involved for a longer legislative session and the fact that the appointment process would take up additional Senate time, which is a good thing, according to Representative Brown.

The Committee considered three preliminary drafts (PDs). PD 3087 would require all license branches to be open on election day. Under current law, only full-service license branches are required to be open on election day. PD 3087 was presented by Senator Rogers. The Bureau of Motor Vehicles (BMV) representatives told the Committee that there were five partial-service branches that would be affected by this proposal.

The Committee heard testimony from Representative Austin on a potential fee surcharge for auto dealers who would process registrations. BMV representatives told the Committee that they were reviewing this issue. The Committee received PD 3006, presented by Representative Saunders. PD 3006 provides that a notice of public hearing relating to the closure of a license branch must be published in the county in which the hearing is to be held. Representative Saunders commented that he did not

want to pit communities against one another. Committee member Brown commented that language is needed about the outcome of the hearing, and Senator Rogers testified about the need to look at the entire public forum process.

PD 3003 was presented at the first Committee meeting by Representative Koch. Senator Steele presented PD 3003 in Representative Koch's absence. PD 3003 requires the Bureau of Motor Vehicles Commission (BMVC) to operate at least one license branch in the county seat of each county. Senator Dillon commented that a population center has no relation to the county seat, where people live, and how far they must travel. The Committee heard testimony from BMV officials that six counties would be affected by this proposal. Committee member Craycraft suggested the possibility of the incorporation of the county seat and population center in a central location. PD 3003 was amended, by a unanimous vote, to include the Committee's suggestion.

The Committee considered the three preliminary drafts for recommendation. PD 3006 was recommended for introduction in the next General Assembly by a unanimous vote. PD 3003 was considered, but no motion for action was made and PD 3003 was withdrawn. PD 3087 was amended with a verbal amendment from Senator Dillon requiring all license branches that provide state identification cards must remain open on election day. The amendment was accepted by the Committee. The Committee recommended PD 3087, as amended, by a unanimous vote for introduction in the next General Assembly.

In response to a question from Representative Brown about the status of the Gary license branch, BMV representatives told the Committee that they would communicate with him about the status of the Gary branch. Senator Steele commented that there should be better communication with all legislators.

The Committee's Final Report was adopted unanimously with inclusion of the activities at the October 12, 2005, meeting.

V. COMMITTEE FINDINGS AND RECOMMENDATIONS

The Committee made no findings of fact.

The Committee made the following recommendations:

(1) Preliminary Draft 3006 was recommended for introduction in the next General Assembly.

(2) Preliminary Draft 3087, as amended, was recommended for introduction in the next General Assembly.

WITNESSLIST

Joel Silverman, Bureau of Motor Vehicles
Jennifer Thuma, Governor's Office
Representative Eric Kock
Representative Bruce Borders
Representative William Ruppel
Ms. Diane Cartmel, Brownstown
Ms. Jane Risley, Indianapolis
David Benefiel
Frank Fuchs, Shelby County
Stephen Key, Hoosier Press Association
Don Tatlock, Seymour
Max Middendorf, Jackson County
John Newhart
Becky Fee, Brownstown
Steve Baranyk, Carmel
Mike Barnhart, Bureau of Motor Vehicles